



**STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
SALES AND USE TAX SECTION
P.O. BOX 8092, LITTLE ROCK, AR 72203-8092**

Candy, Soft Drinks, and Digital Products

Act 141 of the 2017 Legislative Session becomes effective on January 1, 2018. This Act removes candy and soft drinks from the definitions of “Food” and “Food Ingredients” and applies the full 6.5% State sales and use tax rate to these items. All City and County sales and use tax rates continue to apply on the sale of these items. This Act also applies the total state, city and county sales and use tax to the sale price of specified digital products or a digital code. Specified Digital products include digital audio works, digital audio-visual works, digital books, and digital code.

Candy is defined as a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Candy does not include preparation containing flour and must not require refrigeration. Soft drink means a nonalcoholic beverage that contains natural or artificial sweeteners. A soft drink does not include a beverage that contains milk or milk products, soy, rice, or similar milk substitutes, or that is greater than fifty percent (50%) of vegetable or fruit juice by volume.

Digital audio works means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones. Digital audio-visual works means a series of related images that, when shown in succession, impart an impression of motion, together with accompanying sounds. Digital books are works that are generally recognized in the ordinary and usual sense as “books”. Digital code means a code that provides a purchaser with a right to obtain one (1) or more specified digital products and may be obtained by any means, including email or tangible means, regardless of its designation as a song code, video code, or book code.

Please see the remaining pages of this notice for examples of what constitutes Candy and Soft Drinks as well as which tax rates apply. If you have any further questions regarding the change outlined in Act 141 of the 2017 Legislative Session or if you need further clarification for a specific product please contact one of our customer service representatives of the Sales and Use Tax section with the Department of Finance and Administration at 501-682-7104.

Candy

If the product contains	Applicable Tax Rate	Examples
Sugar Agave Aspartame Barley Malt Corn Syrup Dextrose Evaporated Cane Juice Fructose Fruit Juice Concentrate Honey Invert Sugar Molasses Rice Syrup Saccharin Stevia Sucralose Sucrose Artificial sweeteners	Taxable at the 6.5% State Rate	
		Almond Bark
		Breakfast and Nutrition Bars that do not contain flour
		Candy Bars that do not contain flour
		Breath Mints
		Chocolate-coated potato chips
		Fruit Roll-Ups
		Milky Way Midnight Bar
		Popped Caramel and Kettle Corn
		Honey Roasted Peanuts
		Peanut Brittle
		Sugarless Candy
		Sweet or Semi-Sweet cooking bars or chips
		Snickers Bar
<p>Items that contain the word “flour,” such as white, whole wheat, rice, corn, or brown flour, on the ingredient label are taxable at the Reduced State Tax Rate.</p> <p>If an item requires refrigeration, it is not candy and therefore subject to the Reduced State Tax Rate.</p> <p>However, these items are taxable if they are prepared food.</p>	Taxable at the 1.5% Reduced State Rate	
		Twix Bars
		Kit Kat Bars
		Barbeque Potato Chips
		Ice Cream Sandwiches
		Nestle Crunch
		Ice Pops/Popsicles
		Twizzlers Strawberry Twist
		Milky Way Bar containing Flour
		Snickers Cruncher bar

Soft Drinks

If the product contains	Applicable Tax Rate	Examples
Sugar Agave Aspartame Barley Malt Corn Syrup Dextrose Erythritol Evaporated Cane Juice Fructose Fruit Juice Concentrate Honey Invert Sugar Maltitol Maple Syrup Molasses Rice Syrup Saccharin Stevia Sucralose Sucrose Other natural or artificial sweeteners	Taxable at the 6.5% State Rate	Bottled or canned water that contains sweeteners
		Coffee or tea drinks that contain sweeteners
		Fruitades, drinks, or nectars with sweeteners that have 50% or less vegetable or fruit juice shown on the label
		Nonalcoholic beer or near beer, such as O'Doul's and Sharps
		Pedialyte
		Energy drinks, such as Red Bull and Monster
		Sports drinks, such as Gatorade and Powerade
		Soda, such as Coca-Cola and Sprite
		Sparkling nonalcoholic cider or grape juice with 50% or less fruit juice
Milk or milk products Soy, rice, or similar milk substitutes. More than 50% vegetable or fruit juice by volume, even if the juice contains sweeteners. Does not list a sweetener but lists "natural flavor," "essence," or "spice".	Taxable at the 1.5% Reduced State Rate	Apple cider
		Milk and drinks that contain milk, such as Frappucino or Yoo-hoo
		Beverage powders or concentrates, such as Kool-Aid or frozen orange juice concentrate
		Plain or flavored club soda or seltzer water with no sweeteners
		Coffee beans or grounds and tea leaves
		Bottled or canned water with no sweeteners
		Nutritional drinks that contain milk or milk substitutes, such as Ensure and Slim-Fast
		Dietary supplements, such as 5 Hour Energy without sweetener added
		Sparkling nonalcoholic cider or grape juice with more than 50% fruit juice